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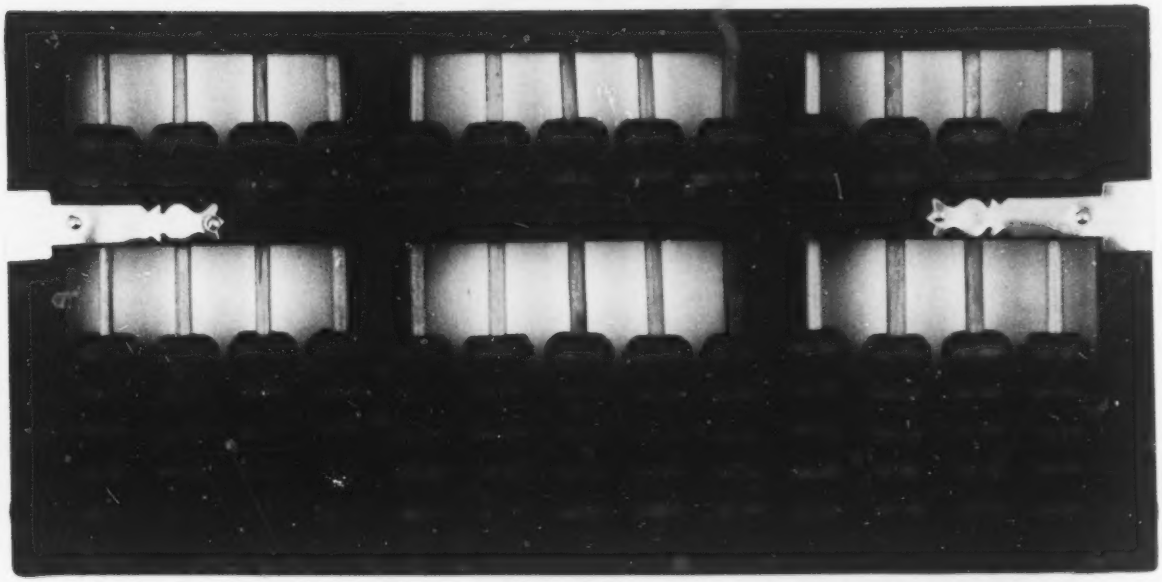
Folio:

FEBRUARY 1988 THE MAGAZINE FOR MAGAZINE MANAGEMENT $6.00

Accounting for decision makers



Operating statements are powerful and revealing guides. Jim Kobak, a consultant on over 300 start-ups and acquisitions, provides tips on how to structure and analyze them. **96**

Selecting a telemarketing service

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"HELP, I'M PREGNANT!" CINE GIRL'S STORY
The SASSY Staff Dresses Up
BON JOVI MANIC MINUTE

Publishers of *Lear's* and *Sassy* feel they've struck new veins of gold in the heavily mined women's market. But these cash-rich start-ups still have to prove their staying power among their targeted audiences: over-40 affluent women and fickle teenage readers.

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and over again. This will do a good job explaining what's acceptable and preventing inadvertent misuse. But it won't stop purposeful misuse." The challenge facing the DMA, he adds, is getting list brokers, managers, mailers and owners to agree to the check list.

The check list's greatest advantage, says Allen Hansen, general manager, Chilton Direct Marketing, "is in the enlightenment of all concerned. The DMA should go forward, though ultimate enforcement will be tough." Lynn Fischler, list rentals manager for Ziff-Davis Publishing Co., agrees, adding, "It does help to have everything in writing. That way mailers can't deny [any misuse]. They can't say, 'Teacher, my dog ate my homework.' "

The check list will give firms such as Rodale Press Inc., a major list owner and renter, "more control over what people are doing with our lists," says Bill Duch, marketing services director, Rodale, who participated in the DMA subcommittee that drew up the check list. If Rodale finds that a mailer is violating any of the check list provisions, says Duch, the best punishment is to stop the mailer from future access to lists. "That's a far worse penalty than court action."

How it works

Each party to a list rental agreement has certain responsibilities in using the check list, as spelled out by the DMA in a list of operating procedures. For example:

- *The list owner* completes the check list and gives it to the list manager, who records the check list codes for acceptable activities on all data cards.
- *The list broker* asks the mailer to complete the check list for all lists used in a given mailing. If the mailer wishes to follow a procedure that is normally not allowed, the broker must request an exemption from the owner.
- *The data processing center*, which renders the list mailable, requests the completed check list from the mailer and discusses any items that are unclear or unusual. After completing the job, the processing center supplies the mailer with a report describing all processing activities related to the check list. If the owner requires proof that the check list was adhered to, the mailer can supply the processing center's report.—*M.G.*

Late delivery of monthlies climbs to 76%

Late delivery of monthlies increased to 76 percent in the third quarter of 1987, up from 69 percent during the second quarter. Of the 22 cities highlighted here, six delivered at least 85 percent of monthlies late. The worst score belongs to Milwaukee, posting a 100 percent late record. Detroit follows with 97 percent. Phoenix can boast the best delivery, with 100 percent of monthlies delivered at, or better than, the USPS service standard. Seattle takes second place on best delivery, with a 64 percent on-time or better score.

Publications delivery box score: Monthly second class publications, July 1-September 30, 1987

City/Zip Code	Better than USPS standard	Service standard	1-6 days late	Later
Composite Average*	**5%**	**19%**	**68%**	**8%**
Boston (021)	4	26	59	11
New York (100)	3	14	75	8
Buffalo (142)	12	41	47	0
Pittsburgh (152)	1	12	82	5
Philadelphia (191)	5	10	71	14
Washington, D.C. (200)	0	13	68	19
Atlanta (303)	1	18	69	12
Miami (331)	15	36	41	8
Memphis (381)	9	20	51	20
Cincinnati (452)	0	23	74	3
Detroit (482)	0	3	86	11
Milwaukee (532)	0	0	96	4
Minneapolis (554)	4	30	64	2
Chicago (606)	0	11	80	9
New Orleans (701)	9	17	74	0
Dallas (752)	2	17	75	6
Houston (770)	4	14	77	5
Denver (802)	2	30	61	7
Phoenix (850)	60	40	0	0
Los Angeles (900)	8	18	67	7
San Francisco (941)	3	37	50	10
Seattle (981)	22	42	36	0

*Includes other U.S. cities and SCFs not listed
Source: Red Tag News Publications Association, Inc.

Competitive tips for editors

Woman's Day editor in chief outlines the best ways to tug a reader's sleeve

San Francisco—With television, VCRs and newspapers shouting for attention these days, consumer publications must do more than look good and read well in order to lure readers. Tips on nosing ahead of the competition were recently offered by Ellen Levine, editor in chief of *Woman's Day*, who addressed the recent Audit Bureau of Circulations conference:

1. Keep articles brief. "Remember that readers are more impatient than they have ever been," she says. Currently the average story in *Woman's Day*, for example, is 1,500 words; five years ago 5,000 words was not uncommon. "Editors are making blurbs, callouts and heads work harder than ever

54% of weeklies delivered late

Fifty-four percent of weekly publications were delivered late during the third quarter of 1987, compared with a 51 percent late score reported for the second quarter. New Orleans has the worst delivery record, with 81 percent of weeklies arriving one or more days late. Cincinnati follows with a 73 percent late score. Minneapolis has the best performance, delivering 71 percent of weeklies on time. San Francisco follows with a 65 percent on-time score.

Publications delivery box score: Weekly second class publications, July 1-September 30, 1987

City/Zip Code	On time	1 day late	Later
Composite average*	**46%**	**27%**	**27%**
Boston (021)	48	26	26
New York (100)	49	29	22
Buffalo (142)	53	27	20
Pittsburgh (152)	38	29	33
Philadelphia (191)	28	28	44
Washington, D.C. (200)	49	27	24
Atlanta (303)	34	34	32
Miami (331)	45	28	27
Memphis (381)	47	30	23
Cincinnati (452)	27	40	33
Detroit (482)	60	27	13
Milwaukee (532)	56	27	17
Minneapolis (554)	71	19	10
Chicago (606)	53	27	20
New Orleans (701)	19	19	62
Dallas (752)	47	30	23
Houston (770)	47	31	22
Denver (802)	34	32	34
Phoenix (850)	61	17	22
Los Angeles (900)	63	21	16
San Francisco (941)	65	17	18
Seattle (981)	62	15	23

*Includes other U.S. cities and SCFs not listed
Source: Red Tag News Publications Association, Inc.

before," Levine notes.

2. Try to create the news, particularly through surveys. "Surveys help editors find out what readers are thinking," she explains. "They give readers a sense of involvement; and newspapers and television report the findings as news."

3. Remember that sex still sells, but not the way it once did. The "how-to" articles of the seventies are no longer popular in today's age of AIDS; editors are running more sex scandal articles and "safe sex" information. A 99-question survey about sex published in *New Woman* yielded 34,000 responses from the 1.2 million circulation magazine, and many respondents checked off subscription orders, indicating that sex and surveys are good selling tools, says Levine. Furthermore, more men than ever before bought the issue that reported the findings. Which leads to the next point—

4. Provide readers with information they can't get elsewhere. Editors must also be diligent about learning what readers are getting in other media. Watching a lot of television works, and at *Woman's Day* each editor is required to subscribe to a small town's newspaper. Editors then know what's talked about in Kansas, Ohio and other states, she explains.

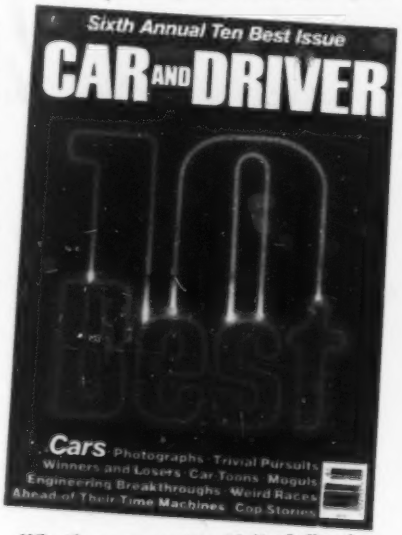
5. Strive for exclusives, now more than ever. "This is hard because newspapers do it faster, and books pay a lot more than magazines," Levine observes. "Editors have to rely on the brilliance of their staffs to know when they've stumbled across really big news," she says. *Money*, for example, won critical acclaim with its March 1986 piece on a blood bank and its sluggishness in dealing with AIDS, she notes.

6. Never focus too intently on winning awards. "They make you feel good, but what makes you proudest as an editor may be the least likely article to sell your magazine," she cautions. "Too much of this is bad for the bottom line."

7. Create a list. Readers enjoy finding out about the richest people, the highest-paid executives, and the most eligible men, Levine says. *Car and Driver*, for example, runs a list of the year's 10 best cars in its January issue, boosting newsstand sales in what is traditionally a slow month.

8. Watch for new trends, and remember that formulas don't work. Subject matter that sold your magazine three years ago, or even eight months ago, may not work now. Editors can no longer insert certain articles about certain subjects during the year and expect to sell magazines.

9. Remember the power of the press. Levine notes that a *People* article about a Georgia farmer facing foreclosure inspired readers to send $14,000, and a banker to save the farm. "We can make lives better or worse by what we publish," she concludes.—*J.A.*



***What's on your top 10 list?** Readers are drawn to annual lists, like* Car and Driver*'s 10 best car performers, Levine notes.*

Magazines come up short in study of Supreme Court

Losers in libel cases, magazines post a poor record in the high court

New York City—Magazine publishers who look on the Supreme Court as the ultimate guardian of the press may change their minds in light of a new study on media success in the high court.

Media have had less success in Supreme Court cases than litigants in general, the study discloses. Although magazines have been somewhat more successful than all media combined, their high-court performance has been poor in libel and privacy cases.

The study, conducted for the Gannett Center for Media Studies by David A. Anderson, professor of law at the University of Texas, analyzed all media cases ever brought before the Supreme Court. Two-thirds have been decided in the last 30 years.

"Since we know historically that magazine publishers can't count on good treatment by the Supreme Court," Anderson concludes, "[publishers] ought to think about legislative—both federal and state—means of advancing their interests."

Calculating a 'success index'

In determining the success rate of the media in the high court, Anderson took into account two factors: 1. Petitioners (who initiate court action) are generally more successful than respondents. 2. Media organizations have been petitioners in about 75 percent of the court cases. Anderson then calculated a "success index" that reflected the difference between the actual percentage of winning media cases and the expected winning percentage.

Anderson found that all media litigants (newspapers, magazines, books, broadcasts, movies and pamphlets) won 52.8 percent of the Supreme Court cases between 1791 and 1986 (105 out of 199 cases). Their success index, however, was -7, or seven points under what they should have scored, given the fact that they were so often the petitioners.

Magazine litigants, according to the study, have won 10 cases and lost nine, a winning percentage of 52.6 percent. Their success index was -3, based on their status as petitioners in 12 cases and respondents in seven.

The picture deteriorates further when looking only at "press" cases—those arising from the gathering or dissemination of news or commentary. In those cases, magazines have won four cases and lost six, with a success index of -14. Publishers, furthermore, have won only five of 10 libel or privacy cases—a poor record given the fact that they tend to be petitioners in these cases, notes Anderson. They have, however, fared better in obscenity cases; in five contests they have won four times.

The overall lesson of the study, Anderson believes, is that publishers might better seek legislative solutions to legal issues than stand on their constitutional rights in court. "There is no reason to think that the Supreme Court will be receptive to a claim because it's a magazine or a First Amendment claim," says Anderson.

Anderson also made the following observations in his study:

- The only period in which the media fared better than the general group of litigants was from 1954 to 1969, under Eisenhower appointee Earl Warren.
- Although magazine publishers have won few libel cases, the media as a whole have been most successful in cases on issues involving prior restraint, libel, privacy and broadcast regulation.
- Pamphleteers have been the most successful class of media litigants, and book publishers the least. No class of

Media are victors in half of Supreme Court cases

Win rates by type of issue, all media

	Total	Won	% Won	Success index
Obscenity	49	30	61.2	– 1
Prior restraint	22	16	72.7	+ 9
Libel or privacy	31	19	61.3	+ 8
Editorial control*	10	2	20.0	–30
Broadcast regulation	25	13	52.0	+ 5
Access to news	9	4	44.4	–13
Contempt or criminal prosecution	15	8	53.3	–12
Commercial speech	5	2	40.0	–23

*Includes confidential sources, newsroom searches, scope of discovery, and right to refuse to publish or broadcast

Win rates by period, all media

	Total	Won	% Won	Success index
1791-1986	199	105	52.8	–7
1970-1986	82	42	51.2	–2
1954-1969	50	34	68.0	+5
1926-1953	41	25	61.0	–2
Before 1926	26	4	15.4	N/A**

**Index not valid before 1926

Source: Study conducted by David A. Anderson for the Gannett Center for Media Studies

The high court sided with the media on most prior restraint and libel cases, and voted against them on most cases involving editorial control. A negative "success index" indicates that the media failed to win many cases in which they were petitioners.

media litigants, however, has enjoyed conspicuous success.

• Media cases that emanate from state courts have been won twice as often as those from federal courts. Federal appeals have made the media net losers in the Supreme Court.

• Media groups fare best in decisions that rest squarely on First Amendment grounds, such as the landmark libel case, *New York Times Co. v. Sullivan*, and the Pentagon Papers prior-restraint case.

• Only a few Supreme Court decisions, such as those above, have produced real breakthroughs in freedom of the press. Most media wins represent modest incremental gains, refining existing law and extending rights to new situations. Some wins, on the other hand, have had unwelcome effects: *Firestone v. Time Inc.*, for example, established mental anguish as grounds for bringing a libel action. (Libel cases had previously been based solely on damage to reputation.)

• The Rehnquist Court has shown no new hostility to media litigants. In fact, the media won five of the six cases decided in Rehnquist's first term as chief justice. Rehnquist himself voted with the media litigant in three of the six cases, though his career record tallies 24 votes for the media, and 52 votes against them.

Anderson questions the popular argument that the current Powell vacancy on the Court is critical because he favored the media. Overall, Powell voted for the media 35 times, and 33 times against them; when casting the decisive vote, Powell went with the media three times and against them 16 times. By contrast, Justice Antonin Scalia has already twice cast the decisive vote for the media.—*M.G.*

Will free offer banish *Life*'s ad page declines?

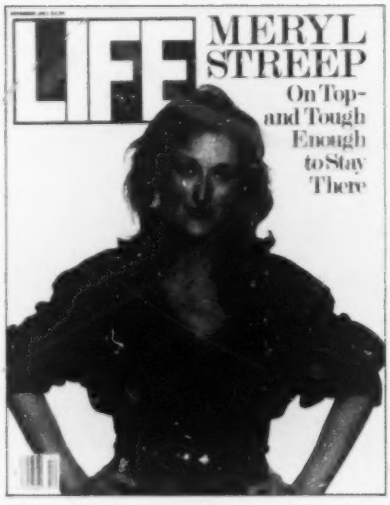
In hope of turning around ad page declines, *Life* is offering all advertisers free color separations, says David Long, ad sales director.

The goal is to make it easier to buy a page in *Life*, he says. Because *Life* is oversize—10 inches by 12 7/8 inches—an advertiser has to spend a good amount of money on color separations in order to add the magazine to its other media buys, notes a spokesperson in the production department. The magazine is also gravure printed, which also adds certain production burdens not found in most magazines.

Previously the magazine converted color materials for advertisers, but charged cost. Fees ran between $1,200 and $3,000, says Long.

Response has been good, with ad pages holding steady, and with 50 percent of the advertisers in the February issue taking advantage of the free separations, says Long. By year's end he expects 75 percent of the advertisers to be using the service. Some advertisers, however, will not consider turning over production work because it means loss of proofing control, says Long. He notes that *Life*'s production schedule does not permit sending separations back to advertisers for approval.

The free color separation offer accompanied a 6.7 percent rate base increase, to 1.6 million. Ad rates were raised accordingly.



***Advertisers can no longer object** to the cost of preparing materials for* Life*'s oversize pages.*

For the first nine months of 1987, *Life*'s ad pages were down 10.9 percent, to 406.41 pages. Long explains that the magazine had done especially well in 1986 because of its 50th anniversary issue. If the 200 pages that ran in the 1986 anniversary issue are excluded, ad pages were actually down 9 percent, he says. The color separation offer, he hopes, may be one factor that helps change the total in 1988.□

Newsletters delivered by radio wave

Electronic distribution gets the news out to subscribers in minutes

Many magazine publishers who pride themselves on timeliness have turned to newsletters to supplement their regular editorial menu. Yet even a daily or weekly newsletter loses some of its immediacy because of printing and mailing time. One new alternative now being tested by two trade newsletter publishers, however, brings newsletters to subscribers across the country within minutes of an editorial deadline.

The Personal Information Network (PIN), offered by Indesys, Sunnyvale, California, uses FM radio waves to carry newsletters or other such information directly into personal computers without the use of satellite transmission or multiple long-distance telephone connections. Subscribers receive scheduled transmissions to read as computer files, or as computer print-outs.

The editorial department develops the newsletter on a PC, as it would a standard newsletter. But, instead of creating mechanicals for reproduction on a printing press, the computer file is transmitted via telephone lines to the Indesys headquarters. Indesys then fits a computerized subscriber list to individual copies of the newsletter file—analogous to putting an electronic address label on a digital copy of the newsletter. The electronic label is then used to route the individual newsletter files by telephone through a network of cooperating FM radio stations, which transmits the files over specific FM radio bands.

Each station transmits information only to those subscribers within a 50-mile radius. Subscribers, equipped with special receivers designed by Indesys, pick up only that information intended to reach them. Delivery times range from less than an hour to overnight.

Unit cost for electronically producing and delivering a newsletter, says Bruce Krogstad, vice president of sales and marketing, Indesys, is pennies a